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Transcript

CHINA IN THE WORLD PODCAST

Host: **Paul Haenle**

Guest: **Douglas H. Paal**

Episode 63: 2016 Elections in a Changing Asia-Pacific

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Haenle: From the Carnegie–Tsinghua Center in Beijing, China, this is the China in the World podcast hosted by Paul Haenle. I'm here with my Carnegie colleague Doug Paal, vice president of studies at the Carnegie Endowment for International Peace, who's in town this week to participate in the third annual Carnegie Global Dialogue. Doug previously served as the director of the American Institute in Taiwan from 2002 to 2006. Doug also served on the National Security Council staffs of President Reagan and George H.W. Bush as Director of Asian Affairs, and then as Senior Director and Special Assistant to the President for Asian Affairs. Most importantly, he was the source of the inspiration on the Carnegie side for the Carnegie–Tsinghua partnership and the Carnegie–Tsinghua Center. Doug, we thank you for joining us today and thank you for joining the Carnegie Global Dialogue this week in Beijing.

Paal: Well, thank you. It's great to be back here and to have a chance to, in this interesting time in China, catch up with how our colleagues from the Chinese government and academic world are thinking during the time of the two meetings here in Beijing of its top leadership.

Haenle: Absolutely. To begin with, I want to step back and ask you, if you would, to talk about the macro international environment that's informing the current discussion on U.S. foreign policy and how Asia fits into that picture. How can we understand what we're seeing now? For example, in the U.S. presidential elections with the rise of candidates like Trump and Bernie Sanders.

Paal: Well, you can understand that the American people are anxious, worried, uncertain because so many of the things we've taken to be certainties in the world are no longer with us. If you look at NATO and the European Union, it's under assault from the west with the possibility of British exit from the European Union in a referendum this spring. In the south, it's under assault from the biggest migration since the end of World War II made up of people from Syria, north Africa, and sub-Saharan Africa. And, from the east, in what I would call the mismanagement of relations with Putin, and Putin's quite nationalist response to that, which suggests that we're looking at a decade and more of unsettled relations between Europe and the United States and Russia, with high costs involved in military preparations and the like. And, that's just the calm, prosperous European scene—let alone the Middle East where we've got, I would say, initiatives of the United States in 13 nations of the Middle East, of which 11 could be pronounced failures at this point, whether it's troubles in Iraq, ISIS, ongoing difficulties with Egypt, Tunisia's not making progress like we'd hoped, Libya descending, perhaps becoming more and more controlled by ISIS in its current period of chaos.

In this context, Asia actually looks a little bit calm. We've got prosperous economies, mostly they're growing. Nobody's in recession, although that can change, and we haven't yet entered a period of major military competition in the region, although that sort of lurks out there. So, when the American voters are looking at the world, they see a period where they, I think, can fairly conclude that President Obama has had a weak second term. Things have not gone better under his term on the international scene. This didn't seem to matter with voters until August, 2013. In fact, there was a growing sense that the U.S. should pull back from its overseas commitments in-line with where Obama was taking the government. But, with an amazing effect on public opinion, ISIS killed two Americans, beheaded two American prisoners, and public opinion dramatically turned around, demanding greater involvement, greater decisiveness, stronger leadership, and I think that's what you're seeing in our election campaign. There are many issues involved, but sort of the defining issue for people is that they want the leader who will take

America, as Trump says, "Make America great again." And, the people are not asking the fine questions about how he'll do it, or with what priorities; they're just looking for a president, female or male, who will be strong on the global scene.

Haenle: Given the description of the way the world looks today, as you've noted, the Asia-Pacific looks peaceful and prosperous in many ways, but it's a dynamic region and as you said this morning during the roundtable, the unipolar moment for America in the Asia-Pacific is fading and competition is returning. In your perspective, how should America adjust to this new situation in the Asia-Pacific, and how well do you think this current administration has adjusted to the new realities of China's power and external posture?

Paal: Well the, the notion that the United States will maintain perpetual dominance of the western Pacific is simply unsustainable. We had that for a period after World War II and then we had competition from the Soviet Union throughout the Cold War. With the collapse of the Soviet Union we were back to a dominant position, but it's simply not natural and not normal for there just to be one dominant power. It's in the nature of the balance of power logic that countries do not want to have one, even a benign country, dominate their affairs, they want to create counterbalances to that. Well, in the case of China the success of integrating China into the outside world has also bred the success of China's economic modernization and, with that, the concomitant modernization of their defense capabilities and the growth of their interests outside China, in the immediate periphery of China, and even farther afield in Africa, Latin America, and elsewhere.

And so, we have to find a way to adjust to this. We're going to continue to protect our interests in the Asia-Pacific region, we're not going to abandon it, but we can't stifle China's normal growth of its capabilities. So, the trick is going to be, how do we adapt to each other? Adaptation, not accommodation—we don't give up something and they give something up—we just don't take the competition to the point where it begins to sacrifice the economic benefits and takes us down the path of arms competitions that do the peoples of all our countries no good.

Haenle: One of the major issues I suspect with this new—whoever becomes president in 2017—as I said at the outset, you served for four years as the American representative in Taiwan in the first four years of the Bush administration, and besides the impending U.S. political transition, there's another leadership transition underway there, in Taiwan.

In January, the DPP candidate Tsai Ing-wen beat her opponents by double-digit margins and the party now has been swept by the DPP and the LY. Tsai's baseline position on cross-strait ties, she says, is to seek to maintain the status quo. She has not endorsed, however, the 1992 Consensus. In this context, what do you think is achievable over the next 4 years? To what extent do you think Beijing will be willing to engage Tsai and her new administration?

Paal: We're kind of lucky that these events have been, sort of, slow rolling, so that nobody on either side of the strait is panicked into the sudden reaction. We've had careful consideration of equities. Is it 100 percent brilliant? Well that's to be judged. But for some months, we could see that the DPP was likely to win, and win big, in the election, so China had a chance to adjust its expectations. And, in Taiwan, in the last election cycle they took a position of, "Trust me, don't expect us to say clearly what we're going to do about cross-strait relations," and that made the United States uneasy at that time. And, the voters of Taiwan didn't buy it. This time around they've

been much more cautious, much more conservative, much more careful. You say protect the status quo—they've developed a number of linguistic formulations that don't go as far as China wants, which is a promise of ultimate reunification, but they're not going to the point of what a lot of voters in Taiwan would like, which is to call for full-scale independence. They're trying to find that middle ground between the two. And, that area is where the policy issues will be.

China, again, is moving slowly. We have, from the election on January 16 until the inauguration on May 20, there's going to be a lot of feeling out between the two sides. They don't have great channels between them, a lot of this is done in public statements, slight modifications of languages. In the last week, we've just had China's leadership address, at the most authoritative level, standards for normalizing or continuing the practical work that goes on between the two governments to govern trade, transportation, law enforcement, and other issues between Taiwan and the mainland. And, the action is really in China's hands. China will decide whether what the new President-elect Tsai offers is good enough to keep work going forward, or will try to send a message that says “no matter if we think it's good enough or almost good enough, we still want more.” And, that's China's judgment to make.

Now, given that we have tensions on the Korean peninsula, tensions in the South China Sea, and China's got big economic and social problems at home, one hopes that China will judge cautiously what it should ask for from Taiwan. But, this is such a deeply embedded position that Taiwan must, in some way, tip its hat to ultimate reunification and so, as we go through the period up to May 20, I expect there to be some brinksmanship practiced by the Chinese side to try to get Taiwan to go farther than it presently wants.

Haenle: How important will her remarks be on this issue in the inauguration speech that she gives?

Paal: Well, the normal place to set forth policy and to offer what reassurances they're going to offer to the United States and to the people of Taiwan and to the mainland, or what changes Taiwan wants to see in the international environment in any of those relationships, will be the inaugural speech. But, a creative person could make that become something else. It could be the first meeting between the two sides, white glove official organizations or unofficial organizations that handle cross-strait relations, it could be some other time. But the current expectation is that it'll be during the inaugural speech.

Haenle: And finally, we've talked about the U.S. elections a bit. They're in full swing now. You and I had proposed in an article back in 2012 just after President Obama was reelected—

Paal: Actually, it was written well before he was elected.

Haenle: —written before he was elected and published after he was elected, that the U.S. and China—the leaders should set time aside to meet regularly outside of Washington for blue sky discussions on critical questions in the relationship. The leaders have done that, first at Sunnylands in 2013, and then again at Yintai on the margins of APEC, and then at the Blair house, and again with the state visit in Washington, D.C. in September this past year. At this transition point what would your advice be for the next president? Are there any new approaches that you would suggest, given recent developments or developments over the last several years?

Paal: Well, when we wrote that article, it was about Obama's second term. So, we were already in our main channels, the question was the new president of China coming in and trying to get him into a blue sky discussion.

We're going to be the change artists this time in the United States and I would, under no circumstances, advocate an early meeting between our new president and the president of China, because it's going to take six to nine months to get the administration staffed down to the really working policy levels. Congress has been moving, with every new transition, more slowly on confirmations. I hope it changes, but I don't expect so. And so, the president won't be in a position to engage in an effective way, with plenty of pre-signaling and preparatory work to make such a meeting successful.

Moreover, on the Republican side, the policy positions, such as they are, of the still-extant candidates are very murky and very unlikely to be productive in dealing with China. Mrs. Clinton, if she or Bernie Sanders emerges, they have to forge a new consensus within their Democratic coalition and with the people more broadly if they win the election. We kind of know her people, we kind of know where she's going to go if Mrs. Clinton is elected. If it's Sanders, it's another story altogether. Right now, it looks like the election is Mrs. Clinton's to lose, so more likely than not we would have a familiar set of figures with broadly understanding the parameters of what you can do and not do successfully with China, and so less of an abrupt break between the two administrations.

Haenle: Well, a lot to work on and we have a lot of time to look at these issues, but I think we want to thank you again for joining the podcast but also thank you for joining us this week for the Carnegie Global Dialogue, and finally, thanks for your leadership in the creation of, and sustainment of, the Carnegie–Tsinghua Center.

Paal: Thank you for all that, it's good to be here.

Haenle: Thanks.